

To: Dana Nichols and Dan Chandler, City of Bandon

Date: April 24, 2023

From: Todd Chase and Tim Wood; FCS GROUP

CC: Hui Rodomsky, Oregon DLCD

RE: **Revised Draft** Bandon Housing Needs Forecast

INTRODUCTION

This Memorandum provides a housing needs forecast for long-range planning purposes. The housing forecast represents a 20-year projection from 2023 through year 2043. These technical findings are intended to be consistent with State of Oregon requirements for determining housing needs for the Bandon Urban Growth Boundary (UGB) per Oregon land use planning Goals 10 and 14, OAR Chapter 660, Division 8, and applicable provision of ORS 197.296 to 197.314 and 197.475 to 197.490

METHODOLOGY

The methodology for projecting housing needs includes consideration of demographic and socio-economic trends, housing market characteristics and long-range population growth projections.

Regional (Coos County) and local (City or Urban Growth Boundary) population, households, income, and market characteristics are based on most current data provided by the U.S. Census Bureau (Census and American Community Survey), the U.S. Department of Housing and Urban Development (HUD), the United Way, Oregon Department of Housing and Community Services (OHCS), Portland State University (PSU) and the City of Bandon.

Where trends or long-range projections are provided by an identified data source, FCS GROUP has included extrapolations or interpolations of the data to arrive at a base year (2023 estimate) and forecast year (2043 projection). The result of this forecast translates population growth into households and households into housing needs by dwelling type, tenancy (owner vs. renter) and affordability level.

DEMOGRAPHIC AND SOCIO-ECONOMICS

Population

The City of Bandon reached a population of 3,541 in 2022. Coos County reached a population of 65,112. Over the past two decades, Bandon has grown at a much faster rate (1.07% annual average) than Coos County (**Exhibit 1**).

Exhibit 1: Population Trends (2000-2022)

	2000	2010	2020	2021	2022	2000-2022 AGR
Coos County	62,788	63,043	64,929	65,201	65,112	0.17%
Bandon, city	2,833	3,066	3,321	3,470	3,541	1.07%

Sources: U.S. Census, PSU Population Research Center. AGR = average annual growth rate.

Under the Oregon land use planning system, local growth forecasts for long-range planning are mandated by the Oregon Legislature under ORS 195.033 and OAR 557-050-005 and must comport with forecasts prepared by Portland State University (PSU). Long-range population forecasts prepared by PSU anticipate that 594 new “permanent” residents will be added to the Bandon Urban Growth Boundary (UGB) over the next 20 years. This equates to a projected annual average growth rate (AGR) of 0.86% for the Bandon UGB (see **Exhibit 2**).

Exhibit 2: Baseline Population Projections (2023-2043)

	2023	2043	AGR
Coos County	65,213	65,041	0.00%
Bandon UGB	3,709	4,304	0.86%

Sources: Population Research Center, Portland State University

SOCIO-ECONOMIC CHARACTERISTICS

Income and Poverty

The median household income in Bandon was \$36,875 in 2021 (*U.S. Census, American Community Survey, 2021*). In comparison, household income levels in Bandon are much lower than Coos County (\$52,548) and the state of Oregon (\$71,562).

Approximately 68% of households in Bandon are classified as “low, very low, or extremely low” income with annual earnings less than 80% of the median household income. In 2021, the share of people living below federal poverty levels is also much higher in Bandon (18.9%) compared with Coos County (16.3%) and the state of Oregon (12.2%).

Exhibit 3 depicts the distribution of households by income level.

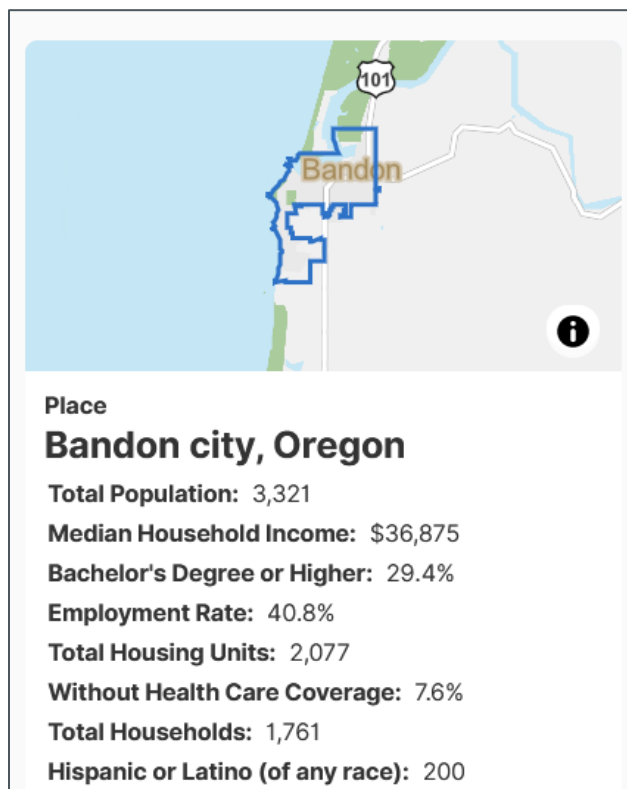
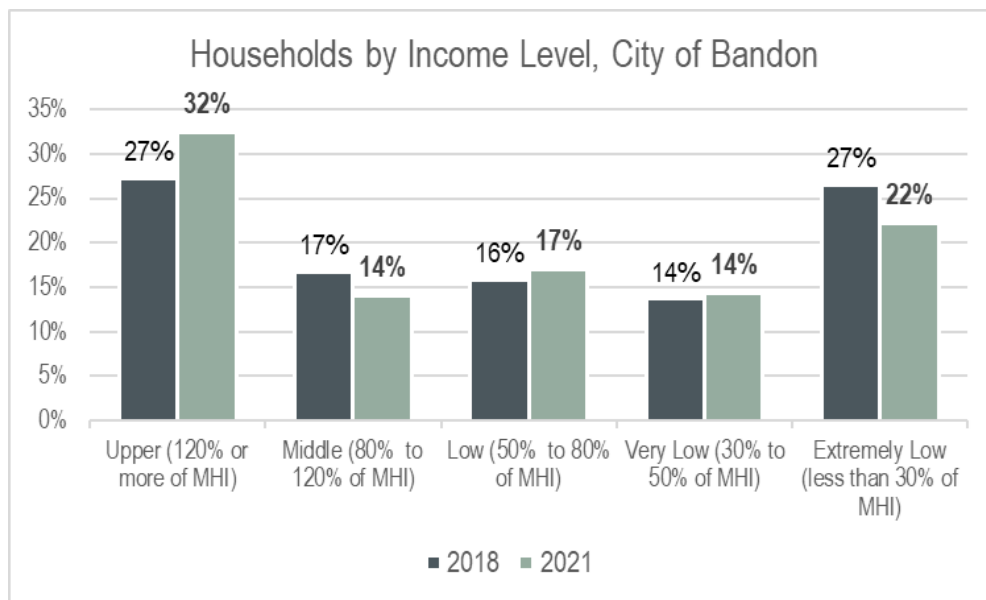
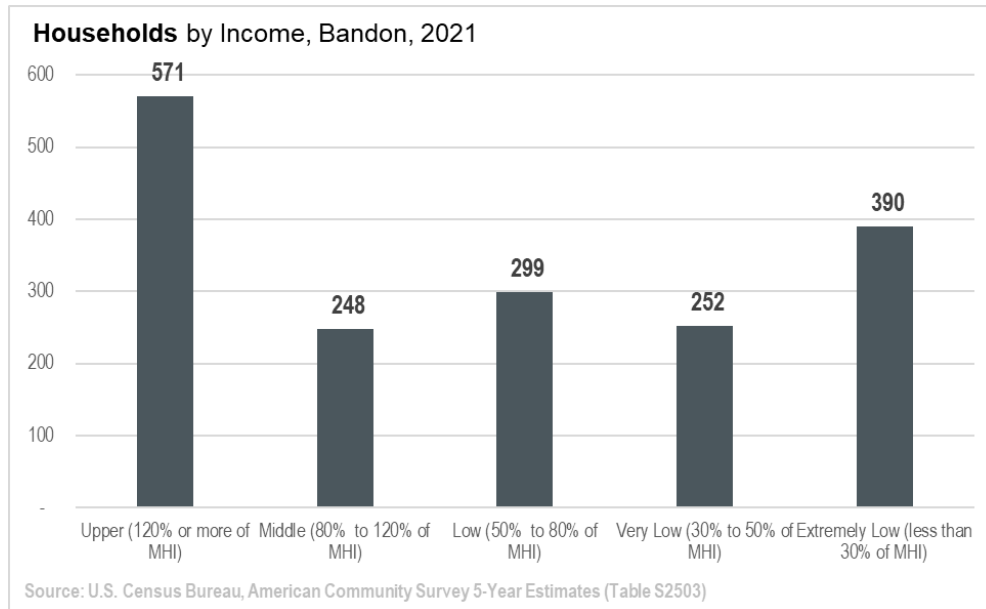


Exhibit 3: Households by Income Level, City of Bandon, 2021



Income Level	Income		Owner	Renter	Total HHs	% Dist.
	Lower-end	Upper-End	HHs	HHs		
Upper (120% or more of MHI)	\$44,250	or more	481	90	571	32%
Middle (80% to 120% of MHI)	\$29,500	\$44,250	165	83	248	14%
Low (50% to 80% of MHI)	\$18,438	\$29,500	154	145	299	17%
Very Low (30% to 50% of MHI)	\$11,063	\$18,438	31	221	252	14%
Extremely Low (less than 30% of MHI)	\$18,438	or less	207	183	390	22%
Total HHs and Median Income	\$36,875	\$36,875	1,038	723	1,761	100%

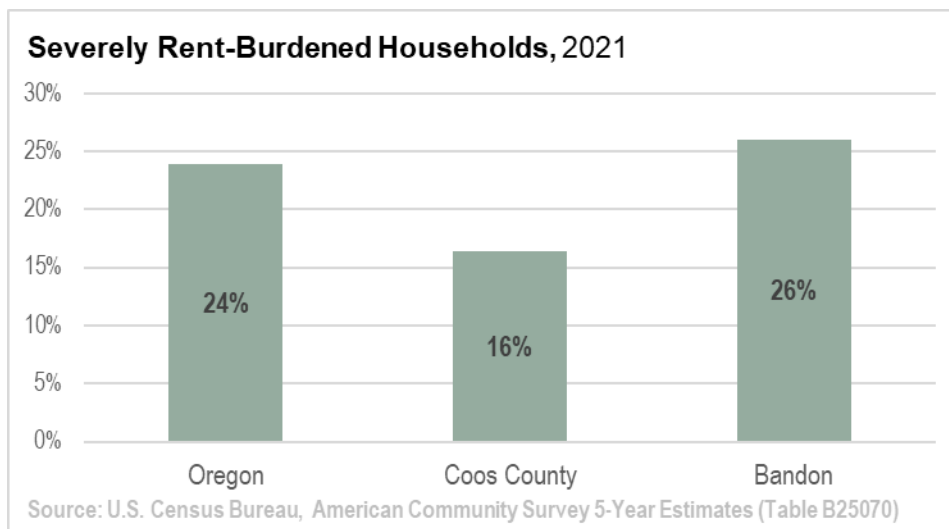
Source: US Census Bureau 2016 - 2021 ACS (Table S2503), HHs = households.

Like many rural communities across the U.S., an increasing share of Coos County and Bandon households are experiencing economic hardship as the cost of living rises faster than income levels.

According to U.S. Housing and Urban Development (HUD), households are “cost burdened” if they pay over 30% of their income on housing. Households are “severely cost burdened” when they pay over 50% of their income on housing.

As shown in **Exhibit 4**, about 26% of the rental households in Bandon were severely cost burdened in 2021. This share was measurably higher than the average for Coos County (16%) and Oregon as a whole (24%).

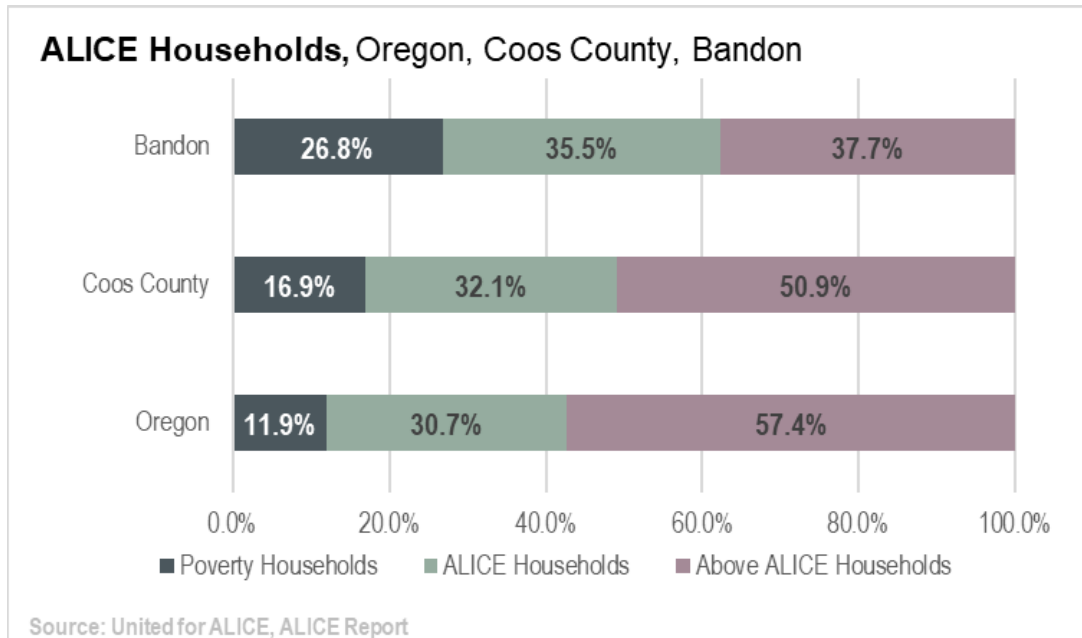
Exhibit 4:



In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new measure of economically distressed households struggling in each county in a state. This effort provides a framework, to measure households that do not earn enough to afford basic necessities, with a population segment called ALICE (Asset Limited, Income Constrained, Employed). The ALICE methodology takes into account the total cost of household essentials – housing, child care, food, transportation, technology, and health care, plus taxes and a 10 percent contingency. ALICE data are calculated separately for each county, and for six different household types. For more information, please check out: <https://www.unitedforalice.org/methodology>

As of year 2018 (the latest year for which data is available), 62.3% of the households in Bandon were either living in poverty or classified in the ALICE category, which is above the state average of 42.6% (**Exhibit 5**). In light of the most recent recession that occurred during the first quarter of 2020 and the significant increase in housing costs that followed, the share of households living in poverty and in the ALICE category has likely increased measurably since 2018.

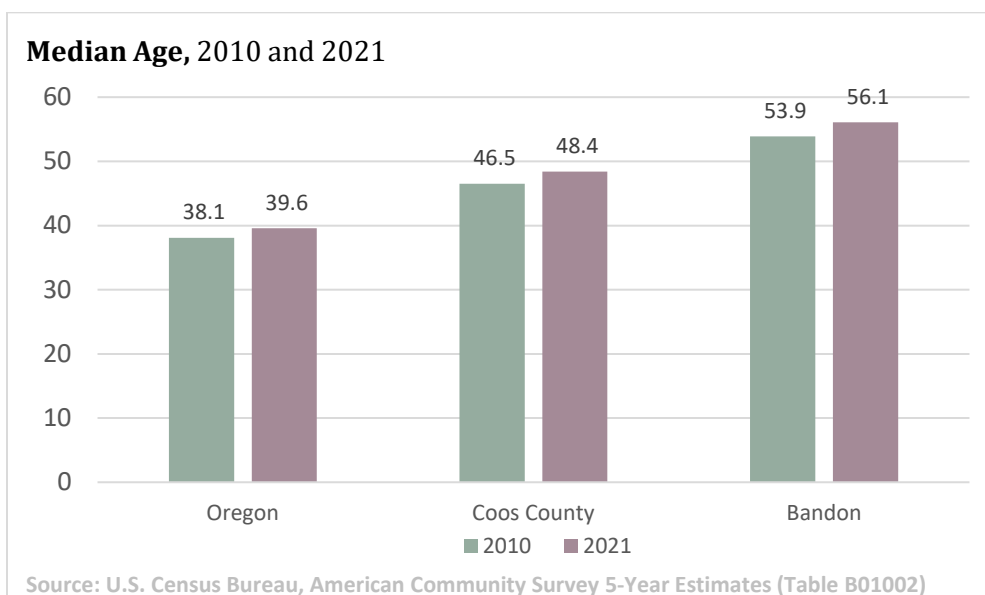
Exhibit 5: Poverty and ALICE Households, 2018



Household Age and Size

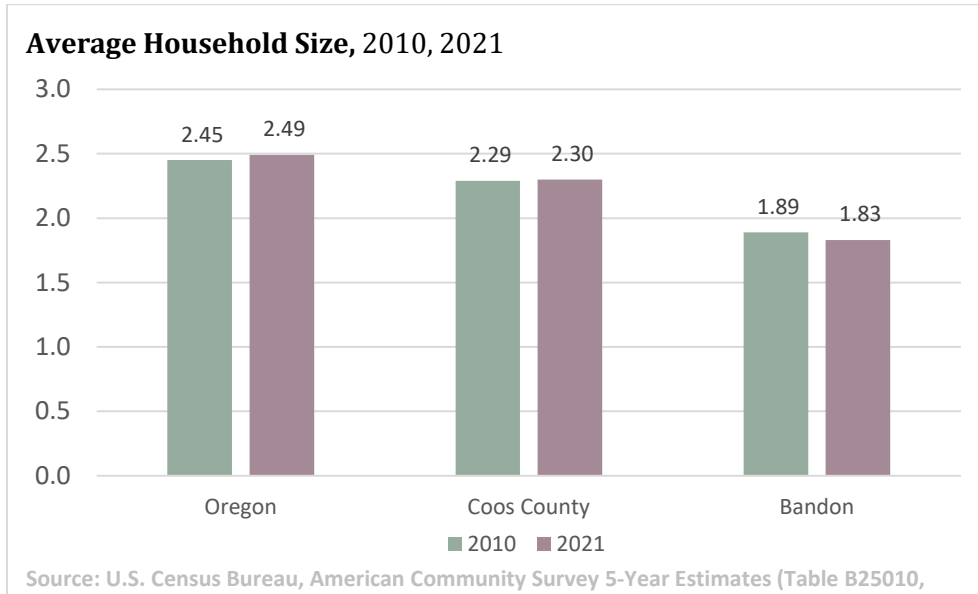
The median age of local residents in Bandon was (56.1) in 2021 and was well above Coos County (48.4) and the statewide median age (39.6). As shown in **Exhibit 6**, the median age has been increasing over the past decade—suggesting that Bandon is becoming more of a “retirement community.”

Exhibit 6: Median Age, 2010-2021



The average household size in Bandon has decreased slightly from 1.89 people per dwelling in 2010 to 1.83 in 2021 (**Exhibit 7**). In comparison to Coos County and statewide figures, households in Bandon are much smaller. Smaller household size characteristics are often attributed to older households comprised of “empty nesters” and retirees who tend to prefer smaller dwelling units, such as cottages, townhomes and apartments or shared living arrangements.

Exhibit 7: Average Household Size 2010 and 2021



Commuting Patterns

Bandon is home to an estimated 3,321 people and 1,506 jobs (day-time employment). Nearly 4 out of 5 jobs in Bandon are filled by workers living outside of the city (**Exhibit 8**). Most recent Census data also reveals that 46% of the workers employed in Bandon commute less than 10 miles to their job in the City of Bandon. Another 37% of workers commute between 10 and 50 miles. The remaining 17% (205 workers) commute to/from Bandon over 50 miles each way. In comparison to other areas, the share of long-distance commuters in Bandon is lower than Lincoln City (26%) and Coos Bay (21%).

It is likely that a large percentage of these long-distance commuters who commute over 100 miles per day would consider relocating to Bandon if adequate priced housing was available.

Exhibit 8: Work Commute Inflow/Outflow Characteristics, Bandon, 2019



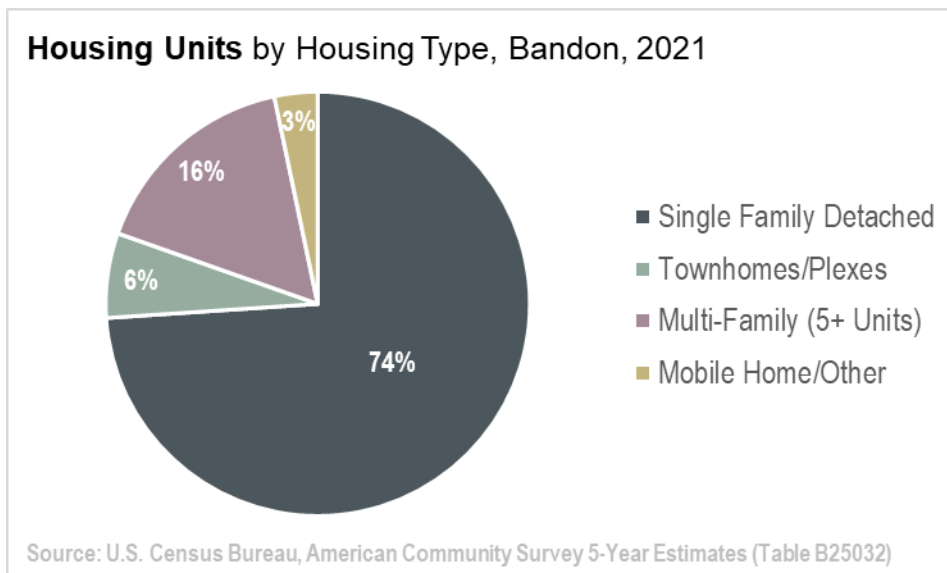
Source: U.S. Census On-the-Map data.

HOUSING INVENTORY AND TENANCY

Local housing inventory and tenancy patterns shed light on housing conditions and market demand preferences. In 2021, there were 2,248 housing units in the City of Bandon of which 1,761 units were classified as occupied and 484 units were classified as seasonal housing, vacant or for-sale.

Like most cities in Oregon, single-family detached is the most prevalent housing type representing 74% of the current housing inventory. The remaining inventory in Bandon includes multifamily (16%), townhomes/plexes (6%), and mobile homes (3%), as shown in **Exhibit 9**.

Exhibit 9: Existing Housing Inventory, 2021, City Bandon



Owner-occupied housing represents 46% of the housing inventory, while renter-occupied units account for 32% and vacant/seasonal use units represent the remaining 22% (**Exhibit 10**). Ownership is most prevalent among single-family detached and manufactured housing types, while renters are more likely to favor multi-family units with 5 or more units per structure.

Exhibit 10: Existing Housing Tenancy, 2021, City of Bandon

	Occupied Dwelling Units	Renter-Occupied Dwelling Units	Other Seasonal & Vacant	All Dwelling Units	% Dist. Dwelling Units
Single Family Detached	935	300	425	1,660	74%
Townhomes/Plexes	32	56	57	145	6%
Multi-Family (5+ units per structure)	27	337	2	366	16%
Mobile Home/Other	44	30	-	74	3%
Total	1,038	723	484	2,245	100%
Distribution	46%	32%	22%	100%	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (Tables B25032 and DP04)

HOUSING MARKET CHARACTERISTICS

To help understand housing attainability in Bandon, FCS GROUP examined current median family income (MFI) levels using U.S. Housing and Urban Development (HUD) guidelines that assume housing attainability is achieved when no more than 30% of income is expended for housing costs. For example, as shown below in **Exhibit 11**, a family earning 80% of the area median income level (\$29,500) should be able to afford rents of up to \$738 per month. Unfortunately, there are very few rental homes on the market in Bandon at this price point.

The rents shown in **Exhibit 11** are considered “attainable” if 30% of income is allocated to housing and utilities.

Exhibit 11: Bandon Housing Affordable Analysis: Renters

Bandon Median Income Level (2021)*	\$36,875	
Income Level: Renters	Lower-end	Upper-End
Upper (120% or more of MI)	\$44,250 or more	
Middle (80% to 120% of MI)	\$29,500	\$44,250
Low (50% to 80% of MI)	\$18,438	\$29,500
Very Low (30% to 50% of MI)	\$11,063	\$18,438
Extremely Low (less than 30% of MI)	\$11,063 or less	
Attainable Monthly Rents (@30% of income)	Lower-end	Upper-End
Upper (120% or more of MI)	\$1,106 or more	
Middle (80% to 120% of MI)	\$738	\$1,106
Low (50% to 80% of MI)	\$461	\$738
Very Low (30% to 50% of MI)	\$277	\$461
Extremely Low (less than 30% of MI)	\$277 or less	

*Note, this analysis is generally consistent with 1.83 person household size.

** See assumptions provided in supporting table.

Source: analysis by FCS Group using U.S. Census data.

Currently, the HUD fair market rents within Coos County range from \$624 for an efficiency unit to \$1,607 for a four-bedroom unit, as shown below. This is what subsidized housing vouchers are based on and demonstrates the challenge of finding and developing housing at these price points.

HUD Fair Market Rent (FMR) by Unit Type, Coos County, 2022				
Source: U.S. Department of Housing and Urban Development				
\$624	\$744	\$939	\$1,334	\$1,607
Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

Further analysis of the rental market indicates that there is a rental housing gap at the middle and lower end of the housing market in Bandon. **Exhibit 12** illustrates the relative extent of the rental housing gaps based on monthly rent levels in comparison to household incomes.

The current household income breakdown of renter households in Bandon primarily consists of households earning between \$0 and \$34,999 annually. The rental housing inventory, meanwhile, is more focused on households earning over \$50,000 per year. This results in a current gap in the supply of attainable rental units for households that earn less than \$40,000 of approximately 136 dwelling units. If we assume that Bandon captures 75% of this current market gap for rental apartments, the housing demand should plan to include at least 102 dwellings at monthly rents below \$875 (**Exhibit 12**).

Exhibit 12: Bandon Rental Housing Inventory Gap Analysis

Median Household Income Range	Affordable Monthly Rent Costs *	Renter-Occupied Households	Estimated Supply of Rental Units	Rental Unit Gap (based on income)	Current Shortfall	Capture Rate for Analysis	Housing Capture (units)
\$75,000 or more:	\$1,875	61	150	89			-
\$50,000 to \$74,999:	\$1,250-\$1,875	32	67	35			-
\$35,000 to \$49,999:	\$875-\$1,250	95	107	12			-
\$20,000 to \$34,999:	\$500-\$875	220	138	(82)	subsidize d housing & ADUs	75%	(102)
Less than \$20,000:	Less than \$500	261	207	(54)			
Zero or Negative Income	Requires subsidy	54	54	-			
Total Dwelling Units		723	723	-	-		-

Source: U.S. Census Bureau,, American Community Survey; FCS GROUP.

* Calculated as 30% of income range based on HUD guidelines

A similar market gap analysis was performed for owner-occupied housing. However, the use of U.S. Census statistics for this type of analysis **may not provide an accurate portrayal of the demand generated by low-income households** since the U.S Census data compares the number of homeowners (by income level) with the number of attainably priced homes. For lower-income households, if more for-sale housing products were made available at lower price levels (e.g., priced below \$150,000), there would likely be significant demand from existing high-income renters that would desire to purchase a home.

Bandon home values have increased significantly in recent years but did record a modest decline between 2022 and 2023. As indicated in **Exhibit 13**, home values in Bandon increased from

\$346,181 in 2020 to a\$525,000 in September 2022 before tapering off to \$460,918 in 2023. Other cities in the region have experienced similar overall growth in housing values.

Exhibit 13: Zillow Home Value Price Index in Select Markets

	Sep-20	Sep-21	Sep-22	Apr-23	Avg. Annual Change %
Bandon	\$346,181	\$435,609	\$525,106	\$460,918	11.7%
Coos Bay	\$241,738	\$301,198	\$354,015	\$319,282	11.4%
Reedsport	\$226,774	\$274,503	\$317,701	\$303,860	12.0%
North Bend	\$261,717	\$329,220	\$390,406	\$352,787	12.3%
Florence	\$302,607	\$373,603	\$427,318	\$415,927	13.1%

Source: Zillow.com; analysis by FCS 4/21/23

BANDON'S HOUSING NEEDS

Baseline Housing Forecast

The baseline housing forecast is consistent with Oregon land use planning rules and guidelines for determining the adequacy of buildable lands within urban growth boundaries (UGBs). Based on the population projections described earlier, the total net new housing units required to accommodate the projected increase in residents within the Bandon UGB is projected at 405 housing units plus at least another 15 people living in group quarters (see **Exhibit 14**). This *baseline housing need forecast* assumes that the current average household size, vacancy rate and group quarters population share (e.g., residents in congregate care facilities and housing shelters) remains constant.

It should be noted that the Census estimate of people residing in group quarters within the City of Bandon appears to understate current conditions. City of Bandon planning staff estimate that there are 137 beds in local nursing homes and residential/treatment centers. In light of the relatively low long-range population forecast by PSU and the Census undercount of group quarters population, an alternative (more likely) housing forecast scenario is presented below.

Exhibit 14: Baseline Housing Forecast, Bandon UGB

	2023	2043	Change
Bandon UGB Population	3,709	4,304	594
Less Group Quarters (2.1%)	80	92	13
Pop in Households	3,630	4,211	582
Avg. Household Size	1.83	1.83	1.83
Households (year round)	1,983	2,301	318
Vacancy and Seasonal Housing Assumption	22%	22%	87
Growth-related Housing Demand (dwelling units)	2,529	2,934	405

Source: Previous Tables

Housing Demand by Dwelling Type and Tenancy

This housing forecast is generally consistent with the observed mix of housing types in Bandon. Additional housing forecast scenarios may be considered during the planning process to anticipate impacts of new policy objectives, such as:

- Local policies aimed at incentivizing development of any pent-up market demand, especially for moderately priced or affordable (subsidized) rental apartments.
- Ability to provide adequate infrastructure (water, sewer, and road capacity) to create new planned unit developments or single-family subdivisions.

The baseline housing demand forecast includes: 140 single-family detached homes, 68 cottages/townhomes, 73 multifamily units, and 125 more attainable housing types such as manufactured homes and accessory dwelling units (ADUs). In addition, it is anticipated that there will also be the need to accommodate at least another 15 people in some form of group quarters housing (such as dormitories for Bandon Dunes golf caddies, congregate care, assisted living), as shown in **Exhibit 15**.

Exhibit 15: Baseline Housing Forecast by Tenure & Housing Type, Bandon UGB, 2023-2043

Housing Type	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Total Dwelling Units	Projected 20-Year Need (Units)	Projected Dist. (%)
Single Family Detached	131	8	140	140	34%
Cottages/Townhomes	60	8	68	68	17%
Plexes / Apts (units)	48	25	73	73	18%
Mfg. homes/ADUs/Subsidized	-	125	125	125	31%
Total	239	166	405	405	100%
Group quarters (pop)			13	13	

Excludes pent-up demand for attainable rental housing and replacement demand.

Strategic Housing Forecast

In addition to the baseline housing forecast presented above, an alternative strategic housing forecast was developed. The strategic growth forecast assumes that 20-year housing demand will consist of 507 dwellings plus 60 units (rooms) of group quarters demand for people or workers residing in shared living arrangements (which may include retirees or seasonal workers such as caddies working at Bandon Dunes Golf Resort). As shown in **Exhibit 16**, this forecast includes approximately 140 detached homes, 68 cottages/townhomes, 76 apartments or plexes, and 176 attainably priced manufactured homes, ADUs or government assisted housing units. (see **Exhibit 16**).

Exhibit 16: Baseline + Workforce Housing Forecast, Bandon UGB, 2023-2043

Housing Type	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Total Dwelling Units	Projected Need (Units)	Projected Dist. (%)
Single Family Detached	131	8	140	140	28%
Cottages/Townhomes	60	8	68	68	13%
Plexes / Apts (units)	48	76	124	124	24%
Mfg. homes/ADUs/Subsidized	-	176	176	176	35%
Total Dwelling Units	239	268	507	507	100%
Plus Group quarters (rooms)			60	60	

Reflects baseline demand plus share of pent-up rental apartment demand.

Exhibit 17 identifies housing products that are consistent with the projected housing need under the Strategic Housing forecast.

Exhibit 17: Strategic Housing Forecast by Attainability Level

Housing Type	Total Dwelling Units	Attainable Housing Products
Upper (120% or more of MI)	140	Standard Homes
Upper Middle (80% to 120% of MI)	68	Cottage Homes, Townhomes
Lower Middle (50% to 80% of MI)	124	Plexes, Apartments
Low (less than 50% of MI)	88	Mfg. Homes & ADUs
Very Low (less than 30% of MI)	88	Govt. Assisted & ADUs
Total	507	
Group Quarters (rooms)		60 shared living arrangements

Source: estimates based on prior tables and stated assumptions.

Next Steps

This draft housing needs forecast will be refined during the HNA planning process with input from the City, Advisory Committee members and the community at large. The HNA project team will utilize that input to refine the housing forecast and determine the residential land needs requirements as it relates to the current amount of vacant and buildable land inside the current Bandon UGB.